

Dateline:

Labor & Workforce Development

A quarterly publication for employers from the Tennessee Department of Labor & Workforce Development
December 2006

Benefit from using the Automated Partial Claims System (APS)

This time of year, many employers have a reduced amount of work for their employees due to holidays, inclement weather, or lack of work. Under these circumstances, many employees qualify for unemployment benefits. In order to facilitate the filing of these claims, employers may file partial unemployment claims for any employee who is working less than his usual number of hours and the wages earned are less than their weekly benefit amount. The easiest way to file these partial claims is through the department's Automated Partial Claim System (APS).

In the past, partial claims were only accepted on paper, which resulted in more repetitive work for the employer and longer processing time for claimants. The Automated Partial Claims program streamlines all aspects of processing these claims by reducing both problems. Employers only enter information identifying their business one time instead of on each paper claim. Additionally, employers only enter each employee one time into the program's database and then add or delete employees as needed. This user-friendly program creates a file of all employees you select and applies wage information for the week of partial layoff. After all information is entered, the employer attaches the text file to an email and sends it to us for prompt processing.

The free Automated Partial Claims System (APS) can be downloaded through the Department of Labor and Workforce Development's Web site at <http://www.state.tn.us/labor-wfd/aps/>

and is simple to set up and use.

Filing partial claims for your employees also helps to preserve your workforce during temporary periods when you have no work available. Employees who are receiving partial unemployment benefits are not required to register for work while receiving these benefits because it is your intention to recall them to their jobs as soon as work is available. This results in less cost to employers having to retrain new employees. Using this Automated Partial Claims System helps the Department of Labor and Workforce Development provide efficient and timely service to both employers and claimants.

Tax reminders:

- **Current projections indicate** that the balance of Tennessee's Unemployment Trust Fund on December 31st will dictate our moving to a higher-rate premium table on January 1st. We will inform you of the table that takes effect - and your resulting rate - during the early part of the first quarter 2007.

- **Remember, in order to take advantage** of the full 5.4% credit on your annual Federal Unemployment Tax (FUTA) return, you must pay all amounts due your state unemployment insurance fund by the due date of the FUTA return, January 31, 2007.

Routing Box

- ☐ Personnel Director
- ☐ Manager
- ☐ Payroll Officer
- ☐ Other

- **Household employers:** Many of you pay your household employee's social security and Medicare taxes from your own funds. While the social security and Medicare taxes you pay to cover your employee's share of those taxes must be included in their wages for income tax purposes, those amounts do not count as social security, Medicare, or FUTA wages and are not reportable to our agency for state unemployment tax (SUTA) purposes; however, any income tax you pay for your household employee without withholding it from his wages must be included in his wages for income tax, social security, Medicare, and FUTA purposes and must also be included in the amount of wages you report to our agency.

- **We ask for your cooperation in using** our agency's original pre-printed premium and wage report forms whenever possible. Here's why: the scanning equipment on which the reports are currently read is highly sensitive to any variations in position or darkness, and numerous misreads tend to occur when we attempt to process reports on forms that have either been copied or were not printed by our agency. If you ever need to be provided with another quarterly premium and wage report form, contact Employer Services at 615.741.2486.

Tax enforcement a success – in part because of employers

Tax Enforcement Operations of the Tennessee Department of Labor and Workforce Development Employment Security Division works to ensure that employers comply with Tennessee Employment Security Law. The division's activities include conducting audits and collecting delinquent reports and premiums.

Tax Enforcement Operations is composed of eight Employer Accounts offices located throughout the state. The offices are located in Memphis, Humboldt, Columbia, Nashville, Chattanooga, Cookeville, Knoxville, and Johnson City. In addition to these offices, a Large Audit Unit is located in Nashville. The Large Audit Unit helps with the integrity and enforcement activities of Employer Accounts offices throughout the state.

These units, with the assistance of others, have recovered in excess of \$2 million in premiums and interest on cases where premium rate manipulation or SUTA (State Unemployment Tax Act) Dumping was an issue. SUTA Dumping involves the manipulation of an employer's experience rating to avoid higher premium rates.

In addition, Tax Enforcement Operations has been a constant and outstanding performer in meeting and exceeding federal requirements of the Tax Performance System. This has led to the Department of Labor and Workforce Development's being regionally recognized for exceptional performance.

The most important factor in the success of Tax Enforcement Operations has been the integrity of Tennessee employers. The majority of Tennessee employers are honest and law abiding. The

activities of Tax Enforcement Operations, along with your help, seek to create a level playing field for all employers to insure a solvent Unemployment Insurance Trust Fund. This in turn leads to lower premium rates for all employers.

Tennessee law does not discriminate between permanent and temporary employment

Around the holidays, many employers hire temporary seasonal workers to expand their workforce. After these employees are laid off, many employers are surprised to learn that these former temporary seasonal employees are approved for unemployment benefits.

Regardless of the fact that employees may know that they accepted a temporary or seasonal job when hired, they can still be eligible for unemployment benefits when they are laid off due to lack of work if they meet the monetary eligibility requirements. Tennessee law does not discriminate between permanent and temporary employment when it comes to determining non-monetary eligibility regarding unemployment claims.

A claimant's monetary eligibility is based on all the wages he received from all employers he worked for during his base period; therefore, a claimant can be monetarily eligible for benefits even though he worked only a short time for his most recent employer.

Benefits are charged proportionately to each of the claimant's base period employers based on the percentage of the total wages each base period employer paid the claimant during the base period. A claimant's base period is the first four of the last five completed calendar quarters before the quarter in which he filed his claim for benefits. For example, if someone files for unemployment benefits in the first quarter of 2007, the base period would be the fourth quarter of 2005 and the first, second, and third quarters of 2006. Since a base period can end three to six months prior to when a claim is filed, a temporary worker could file a claim right after leaving a temporary job and this separating employer would not be a base period employer and therefore not subject to benefit charges for that particular claim; however, if the claim is filed later or a second claim is filed after a year, those wages would be in the claimant's base period, and the employer would be subject to benefit charges.

Some employers mistakenly believe that temporary seasonal employees are "contract labor." If you provide direction and control and can hire and fire these workers, they are more than likely an employee and you are liable for unemployment insurance premiums on their wages and for your share of their benefits should they file a claim. Please contact the department's Employer Accounts section at 615.741.2346 in order to determine whether your hiring of a worker constitutes an employer/employee relationship. Correctly determining if someone is your employee can help you avoid paying unnecessary interest and possibly penalties if it is discovered later that you should have reported an individual as an employee and paid the unemployment insurance premiums on their wages.

